



**King County
International Airport**

Department of
Construction & Facilities Management

P.O. Box 80245
Seattle, WA 98108

(206) 296-7380
(206) 296-0100 TDD
(206) 296-0190 FAX

December 2, 1999

Ms. Rosie Sanchez
Customer Service Supervisor
TESORO NW Co.
P.O. Box 730032
Dallas, TX 75373-0032

*Operations
Fuel
Fuel Storage*

file AFC 6

Dear Ms. Sanchez:

Attached for your review is a recently completed internal audit report for FUEL USE FEES, TESORO should have paid King County International Airport for the nine month period, January 1, 1999 thru September 30, 1999.

During the audit period, your company was a major supplier of aviation petroleum products delivered on the airport. As such, your office should have reported fuel deliveries and remitted appropriate fees to the airport in compliance with King County Code 15.56.010. Enclosed is a CONCESSION AGREEMENT AND PERMIT/AVIATION FUEL that must be completed and returned to us as soon as possible. Also enclosed are our Rules and Regulations that specifies the \$0.05/gallon fee charged on all fuel delivered on Boeing Field. Monthly reports are due by the 20th of the following month. A supply of reporting forms are enclosed for your convenience.

Our purpose in providing this report is to alert you to a difference for the nine month period in fuel flowage volume TESORO reported as opposed to fuel flowage volume verified by the internal audit. You may choose to examine this difference in greater detail, in which case we would be happy to work with your staff in resolving all discrepancies. We will also be doing an internal audit for 1996 thru 1998. If you sold any fuel at Boeing Field during that period, please provide us with the information.

Please respond within the next thirty days. Unless we hear from your office during that time, TESORO will be billed for the report difference:

January 1, thru September 30, 1999: Total Gallons: 1,331,644 x \$.05 = \$ 66,582.20

Please call if you have any questions.

Sincerely,

[Signature]
Rommel T. Buenafe
Financial/Budget Manager

cc: Cynthia Stewart, Airport Manager ✓
Accounting File
Reading File



KCSlip4 34611

SEA401158

TESORO

**GALVIN - STORAGE FOR UPS FUEL
"UPS FUEL PURCHASES FROM TESORO"**

1/1/99 THRU 9/30/99

	Per Galvin <u>UPS-Tesoro</u>	Per Tesoro <u>UPS</u>	Tesoro <u>OVER (UNDER)</u>
Jan-99	0	0	0
Feb-99	0	0	0
Mar-99	0	0	0
Apr-99	127,381	0	(127,381)
May-99	222,038	0	(222,038)
Jun-99	294,865	0	(294,865)
Jul-99	204,507	0	(204,507)
Aug-99	250,241	0	(250,241)
Sep-99	232,612	0	(232,612)
Oct-99			
Nov-99			
Dec-99			

TOTALS:

1,331,644	0	(1,331,644)
	x	.05
	\$	66,582.20

Boeing Field
KING COUNTY INTERNATIONAL AIRPORT
 P. O. Box 80245
 Seattle, Washington 98108
 206/296-7380

CONCESSION AGREEMENT AND PERMIT
Aviation Fuel

THIS AGREEMENT is made and entered into this _____ day of _____, 19____, by and between King County, State of Washington (hereinafter referred to as "County"), owner and operator of Boeing Field/King County International Airport, and _____, (hereinafter referred to as "Permittee").

1. The term "Airport Manager" as used herein, shall mean the Airport Manager, Boeing Field/King County International Airport, and shall include his authorized representative.
2. The term "Airport" as used herein, shall mean Boeing Field/King County International Airport located in King County, Seattle, Washington.
3. County hereby permits the Permittee on a non-exclusive basis to provide aviation fuel to customers and aviation businesses located on the Airport, and for no other business or purpose without the prior written consent of County.
4. For the rights granted herein, Permittee agrees to pay to County fees as provided for in King County Code, Chapter 15.56 (now in force or as may be amended from time to time), to wit:

15.56.010 Charge on company selling or delivering fuel -
Monthly report.

Oil companies engaged in the business of selling or delivering aviation fuel to any individual, business firm, U.S. government or organization on BFI or selling aviation fuel to any individual, business firm, U.S. government or organization to be used in aircraft located on or being serviced to take off from BFI shall pay a field use fee charge of five cents per gallon. This charge shall be collected by the oil company making the sale or delivery and reported in a form prescribed by and acceptable to the Airport Manager with remittance made to the Airport on or before the 20th of each month.

In addition to the required reports as noted in Chapter 15.56.010, Permittee shall include the following information in each monthly report:

- a) Amount and type of fuel sold to each customer or aviation business;
- b) Date of each delivery;
- c) Name and address of each customer or aviation business to whom fuel was sold

5. This Permit is subject to termination by either party immediately upon written notice.
6. Permittee agrees to charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided, that the Permittee may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
7. Permittee will maintain at a location suitable to both King County and Permittee accurate and complete records in accordance to general accounting principles, of business done from or at the premises. Permittee will permit King County, through its agents or representatives, at any and all reasonable times to examine, copy and audit all records of Permittee for the purpose of determining the accuracy and completeness of those records and of the statements required to be made by Permittee under Paragraph 4 of this Permit.
8. The acceptance of fee payment by King County for any period of periods after a default by Permittee will not be considered a waiver of the default unless King County gives Permittee written notice that the acceptance is a waiver. No waiver by King County of any default by Permittee will be construed to be or act as waiver of any subsequent default by the Permittee.

9. Permittee agrees to protect and save King County, its elected and appointed officials and employees while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of Permittee's employees or third parties on account of personal injuries, death or damage to property arising out of the use of the areas of the Airport, or in any way resulting from the willful or negligent acts or omissions of the Permittee and/or its agents, employees or representatives.

10. Permittee shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the Permittee's occupancy, operation or use of the premises.

Coverage shall be at least as broad as Insurance Services Office form number GL0002 (Ed. 1-73) covering Comprehensive General Liability and Insurance Services Office form number GL0404 covering Broad form Comprehensive General Liability or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001).

Permittee shall maintain limits no less than \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage, including product liability. In addition, Permittee shall obtain and maintain continuously, "sudden and non-sudden pollution" liability insurance with limits of liability not less than \$3,000,000 each claim and \$9,000,000 aggregate. Any deductibles or self-insured retentions must be declared to and approved by King County. At the option of King County, the insurer shall reduce or eliminate such deductibles or self-insured retentions. In no event shall the deductible or self-insured retention exceed \$5,000.

This policy is to contain, or be endorsed to contain, the following provisions:

a. King County, its officers, officials, employees and agents are to be covered as insureds as respects: liability arising out of areas of the Airport used by the Permittee.

b. The Permittee's insurance coverage shall be primary insurance as respects King County, its officers, employees and agents. Any insurance or self-insurance maintained by King County, its officers, officials, employees or agents shall be excess of the Permittee's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policy shall not affect coverage provided to King County, its officers, officials, employees or agents.

d. Coverage shall state that the Permittee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Insurance policy shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to King County.

Insurance is to be placed with insurers with a Bests' rating of no less than A:VII.

Permittee shall furnish King County with certificate(s) of insurance and with endorsement(s) effecting coverage required by this Agreement. The certificate and endorsement for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms provided or approved by King County and are to be received and approved by King County prior to providing services under this Permit. King County reserves the right to require complete, certified copies of all required insurance policies, at any time.

11. Permittee agrees to observe and obey all rules and regulations promulgated from time to time by the County governing the safe conduct and efficient operation of the Airport and its facilities. Permittee agrees to comply with all applicable federal, state, county and municipal ordinances and regulations while conducting business on the Airport.

12. In all hiring or employment made possible or resulting from this Permit, there shall be no discrimination against any employee or applicant for employment because of sex, sexual orientation, age, race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bonafide occupational qualification, and this requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

13. Permittee for himself, his personal representative, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with this Permit that 1) no person on the grounds of sex, sexual orientation, race, color, creed, national origin, age except minimum age and retirement provisions, marital status, or the presence of any sensory, mental or physical handicap shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination for any services or activities conducted pursuant to this Permit; 2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of sex, sexual orientation, race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination; 3) that the Permittee shall use the areas of the Airport in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

Any violation of this provision shall be grounds for cancellation, termination or suspension in whole or in part, of the Permit by the County and may result in ineligibility for further County agreements.

14. Permittee agrees that it shall not assign this Permit or any part thereof with regard to the business to be conducted hereunder without the prior written approval of the County.

15. This Permit does not constitute the Permittee as the agent or representative of the County for any purpose whatsoever.

16. The operations of the Permittee, its employees, invitees and those doing business with it, shall be conducted in an orderly and proper manner and so as not to annoy, disturb or be offensive to others at the Airport. The Airport Manager shall have the right to object to Permittee regarding the demeanor, conduct and appearance of Permittee's employees, invitees and those doing business with it, whereupon the Permittee will take all steps necessary to remove the cause of the objection.

17. No signs, posters or similar devices shall be erected, displayed or maintained by Permittee without the prior written approval of the Airport Manager. Permittee's vehicles and associated equipment must have signs identifying Permittee thereon. Permittee shall keep in good repair and in a neat, clean, safe and presentable condition all of its equipment used in the conduct of business on the Airport as herein provided.

18. Permittee shall procure all licenses, certificates, permits, or other authorization from all governmental authorities, if any, having jurisdiction over the Permittee's operations at the Airport which may be necessary for the Permittee's operations thereon.

19. Permittee shall pay throughout the term of this Permit all taxes, license, certification, permit and examination fees, excise fees and occupation taxes which may be assessed, levied, exacted or imposed on Permittee, and all taxes on the leasehold interest created by this Permit, and shall make all applications, reports and returns required in connection therewith.

20. All notices to be given hereunder shall be in writing and shall be addressed as follows (or to such other address as from time to time may be designated by written notice to the other party):

COUNTY:
Airport Manager
King County International Airport
P. O. Box 80245
Seattle, Washington 98108

PERMITTEE:

21. The Permit constitutes the whole agreement between the County and the Permittee with regard to the Airport and terms and conditions as stated herein. There are no terms, obligations, covenants or conditions other than those contained herein. No

modification or amendment of this Permit shall be valid and effective unless evidenced by an agreement in writing.

IN WITNESS WHEREOF the parties hereto have executed this Concession Agreement And Permit as of the day and year first above written.

PERMITTEE:

COUNTY:

Boeing Field/King County International Airport
Authority: KCC 15.12.060

By _____

By _____

Title _____

Title Airport Manager

Date _____

Date _____

Address: _____

Telephone: () _____

Chapter 15.56 Aviation Fuel Sales - Field Use Fees

Section:

15.56.010 Charge on company selling or delivering fuel - Monthly report.

**15.56.010 Charge on company selling or delivering fuel -
Monthly report.**

Oil companies engaged in the business of selling or delivering aviation fuel to any individual, business firm, U.S. government or organization on B.F.I., or selling aviation fuel to any individual, business firm, U.S. government or organization to be used in aircraft located on or being serviced to take off from B.F.I., shall pay a field use fee charge of five cents per gallon. This charge shall be collected by the oil company making the sale or delivery and reported in a form prescribed by and acceptable to the Airport Manager with remittance made to the Airport on or before the 20th of each month.

Chapter 15.60 Payment - Landing, Tie-Down and Other Fees

Section:

15.60.010 Payment - Lien.

15.60.010 Payment - Lien.

No person shall allow any aircraft owned by him or under his control to land, take off, use B.F.I. facilities or be parked or tied down on B.F.I. without causing all applicable landing, tie-down or other fees respecting such aircraft or use of B.F.I. facilities to be paid. Any such fees that become due and owing shall constitute a lien on such aircraft.

Boeing Field/King County International Airport

P.O. Box 80245

Seattle, WA 98108

AVIATION FUEL DELIVERY/SALES REPORT

(Due by the 20th of each month following month reported.)

Oil Company _____ Month _____

Total deliveries or sales * on Boeing Field for this month (attach copies of delivery tickets or receipts):

<u>CUSTOMER</u>	<u>AV GAS (GALLONS)</u>	<u>JET FUEL (GALLONS)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Totals (Gallons)	_____	_____

Computation - Fuel Flowage Fees:

Total Gallons _____ @ \$.05/gal \$ _____

TOTAL PAYMENT ENCLOSED \$ _____

*Deliveries made to the Boeing Company on Boeing Field/King County International Airport for use by customer aircraft pursuant to "payback" method and "flyaway" transactions are to be included in total deliveries and itemized above with applicable delivery receipts attached.

I hereby certify the above information is correct to the best of my knowledge under penalty pursuant to Chapter 15.80 of the King County Rules and Regulations.

Signature _____ Title _____ Date _____

(7/92)

Note: This report to be used on all deliveries or sales, effective immediately.

Boeing Field/King County International Airport
P.O. Box 80245
Seattle, WA 98108

AVIATION FUEL DELIVERY/SALES REPORT
(Due by the 20th of each month following month reported.)

Oil Company _____ Month _____

Total deliveries or sales * on Boeing Field for this month (attach copies of delivery tickets or receipts):

<u>CUSTOMER</u>	<u>AV GAS (GALLONS)</u>	<u>JET FUEL (GALLONS)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Totals (Gallons)	_____	_____

Computation - Fuel Flowage Fees:

Total Gallons _____ @ \$.05/gal \$ _____

TOTAL PAYMENT ENCLOSED \$ _____

*Deliveries made to the Boeing Company on Boeing Field/King County International Airport for use by customer aircraft pursuant to "payback" method and "flyaway" transactions are to be included in total deliveries and itemized above with applicable delivery receipts attached.

I hereby certify the above information is correct to the best of my knowledge under penalty pursuant to Chapter 15.80 of the King County Rules and Regulations.

Signature _____ Title _____ Date _____

(7/92)

Note: This report to be used on all deliveries or sales, effective immediately.

Boeing Field/King County International Airport

P.O. Box 80245

Seattle, WA 98108

AVIATION FUEL DELIVERY/SALES REPORT

(Due by the 20th of each month following month reported.)

Oil Company _____ Month _____

Total deliveries or sales * on Boeing Field for this month (attach copies of delivery tickets or receipts):

<u>CUSTOMER</u>	<u>AV GAS (GALLONS)</u>	<u>JET FUEL (GALLONS)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Totals (Gallons)	_____	_____

Computation - Fuel Flowage Fees:

Total Gallons _____ @ \$.05/gal \$ _____

TOTAL PAYMENT ENCLOSED \$ _____

*Deliveries made to the Boeing Company on Boeing Field/King County International Airport for use by customer aircraft pursuant to "payback" method and "flyaway" transactions are to be included in total deliveries and itemized above with applicable delivery receipts attached.

I hereby certify the above information is correct to the best of my knowledge under penalty pursuant to Chapter 15.80 of the King County Rules and Regulations.

Signature _____ Title _____ Date _____

(7/92)

Note: This report to be used on all deliveries or sales, effective immediately.

Seattle, WA 98108

AVIATION FUEL DELIVERY/SALES REPORT

(Due by the 20th of each month following month reported.)

Oil Company _____ Month _____

Total deliveries or sales * on Boeing Field for this month (attach copies of delivery tickets or receipts):

[illegible]

Computation - Fuel Flowage Fees:

Total Gallons_____ **@ \$.05/gal** **\$**_____

TOTAL PAYMENT ENCLOSED \$ _____

*Deliveries made to the Boeing Company on Boeing Field/King County International Airport for use by customer aircraft pursuant to "payback" method and "flyaway" transactions are to be included in total deliveries and itemized above with applicable delivery receipts attached.

I hereby certify the above information is correct to the best of my knowledge under penalty pursuant to Chapter 15.80 of the King County Rules and Regulations.

Signature	Title	Date
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(7/92)

Note: This report to be used on all deliveries or sales, effective immediately.

KCSlip4 34621

SEA401168

Boeing Field/King County International Airport

P.O. Box 80245

Seattle, WA 98108

AVIATION FUEL DELIVERY/SALES REPORT

(Due by the 20th of each month following month reported.)

Oil Company _____ Month _____

Total deliveries or sales * on Boeing Field for this month (attach copies of delivery tickets or receipts):

<u>CUSTOMER</u>	<u>AV GAS (GALLONS)</u>	<u>JET FUEL (GALLONS)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Totals (Gallons)	_____	_____

Computation - Fuel Flowage Fees:

Total Gallons _____ @ \$.05/gal \$ _____

TOTAL PAYMENT ENCLOSED \$ _____

*Deliveries made to the Boeing Company on Boeing Field/King County International Airport for use by customer aircraft pursuant to "payback" method and "flyaway" transactions are to be included in total deliveries and itemized above with applicable delivery receipts attached.

I hereby certify the above information is correct to the best of my knowledge under penalty pursuant to Chapter 15.80 of the King County Rules and Regulations.

Signature _____ Title _____ Date _____

(7/92)

Note: This report to be used on all deliveries or sales, effective immediately.

KCSlip4 34622

SEA401169

Seattle, WA 98108

(Due by the 20th of each month following month reported.)

Oil Company	Month
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[illegible]

Total Gallons _____ @ \$.05/gal \$ _____

TOTAL PAYMENT ENCLOSED \$ _____

I hereby certify the above information is correct to the best of my knowledge under penalty pursuant to Chapter 15.80 of the King County Rules and Regulations.

Signature	Title	Date
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Note: This report to be used on all deliveries or sales, effective immediately.